

# THE ECONOMY

*This section examines the evolving nature of the city and county's economy and its relationship to comprehensive planning. It considers the area's labor resources and economic strengths for sustaining long term growth and development. The section also provides a vision for guiding the emergence of a local economic future that meets the challenges of the twenty first century.*

## G U I D I N G P R I N C I P L E S

>>> NOTE: The new text from the Economic Development Focus Group is underlined. Any proposed deletions to the focus group text is underlined with strike out. Any additions to the focus group text is double underlined. All deletions to the existing text are shown in standard strike out form. <<<

The community's primary focus for economic development should be retention and expansion of existing businesses — the key to Lincoln's job growth. (The greatest job growth in Lincoln is from existing businesses expanding.)

A strong Downtown is important to the economic future of the community. ~~Downtown sites are considered by major corporate users, who will also look at suburban sites.~~ The Downtown, UNL and Antelope Valley should function as a single, strong core for the city.

The City should work with developers interested in providing new industrial and office development sites. These sites are important for new companies to come to town and to help existing businesses relocate within Lincoln ~~rather than leave the area.~~

The City should emphasize the following in order to encourage economic development in the community:

- ~~The City should emphasize~~ The creation of office sites as an important aspect of job growth for the community.>>second sentence moved to strategies<<
- Education and affordable housing are very important to employers considering Lincoln. (Employers want to be sure their employees will be able to afford homes in the community and that there is a well educated work force.)
- Entertainment and recreational facilities are important to retain and attract young professionals. A new Downtown Arena and Convention Center is important to the future of the community and should be pursued in the near term ~~built as soon as possible.~~

- Economic development incentives should be offered for Primary jobs. (Primary employers means where 50% of the end product sales or services of a business occur outside Lancaster County.)
- The success of the University's research and development is important to the future of the city. The City and private sector should continue to support UNL's efforts to obtain grants for research.

## **T**HE ECONOMIC STARTING LINE

The City of Lincoln and Lancaster County have enjoyed a remarkably stable economy over the past several decades. This stability has been based in part on large public sector employers including state government, the University of Nebraska, and the City of Lincoln and Lancaster County.

However, as employment in the metropolitan area has grown, private sector employment represents an increasing share of the economic base. This is likely to continue into the future as private industrial sector growth rates are higher than public sector growth rates. As a result, the economic base will become less dependent on the public sector and future land requirements for private sector industries are likely to be greater than in the past.

This Plan also recognizes the enduring contribution of the agricultural industry to the City and County's continued economic vitality. The nearly 1,500 farms in Lancaster County were responsible for the sale of over \$80 million in agricultural products in 1997. During this same time, approximately 77 percent of the land area in the County was in agricultural production. Like the urban economy, the agricultural industry is experiencing changes in many of its basic production and market forces. As these trends unfold during the planning period, this Plan encourages the consideration and integration of such changes as they may be reflected in the Plan's land use and community development policies.

Economic growth must be carried out and balanced with the community's social, cultural and environmental priorities. Factors impacting economic growth initiatives include:

- Urban Growth (How, when and where should future growth occur?)
- Workforce expansion and development
- Balancing economic opportunities with environmental stewardship
- Expanding economic opportunities for all residents
- Business retention and expansion, while capitalizing on and fostering new business startups in emerging—and existing industrial clusters
- Embracing and expanding population and employment diversity
- Developing and expanding community leadership in both the public and private sectors
- Improving transportation system linkages
- Interregional cooperation throughout southeastern Nebraska
- Urban/rural development conflicts
- Economic collaboration between Downtown and outlying areas
- Timely provision of public infrastructure and services

While some of these issues are outside the scope of the Comprehensive Plan, all have been identified as issues facing the community as it determines what it wants to be in the future.

## **T**HE EMERGENCE OF A NEW ECONOMY

A new economic perspective is structurally transforming all industrial sectors. Critical features are speed, quality, flexibility, knowledge and networks.

To maintain a competitive advantage, Lincoln and Lancaster County must respond by meeting the needs of future business by assuring the availability of attractive locations, a skilled workforce, a supportive government, and appropriate infrastructure.

In the New Economy, industry clusters are an important economic attribute. Industry clusters are geographic concentrations of sometimes competing, sometimes collaborating firms and their related supplier network. Clusters include interrelated industries that foster wealth creation in a region. They represent an entire value chain from suppliers to end products.

## **K**EY ELEMENTS OF THE COMMUNITY'S ECONOMIC FUTURE

As the community welcomes this transformation in the very basic foundation of the economy, the City and County will maintain its competitive edge by meeting the expectations of its residents as stated in the Comprehensive Plan "Vision." Key elements influencing this effort include:

**Existing Assets** — The following assets, industries, and industry clusters have been identified as key building blocks for the community's economic future: existing quality of life and workforce; UNL/higher education resources; K-12 education system; State government; health care/medical industry and pharmaceuticals production; UN Technology Park and affiliated electronics testing laboratory; Lincoln Airpark/Airport Authority; professional and scientific services; insurance; tourism; and, agricultural industry. These factors were viewed as fundamental strengths supporting the local economy's transformation as part of the New Economy.

**Strategic Economic Opportunities** — Based upon a review of numerous factors, economic opportunities targeted by the community and supported in their growth by the Comprehensive Plan include: computer science and technology; metal working/products; medical/health care technology (testing, diagnostics, pharmaceutical development, and patient care); electronics technology (radio frequency research, design, and manufacturing); biotechnology (transition of agribusiness to 21st century, specifically pharmaceutical preparations for animals and research and development for food processing, crop engineering, and animal health).

**Facility Site Needs** — In order to be well positioned to attract and grow businesses well into the future, the community must have designated sites for the types of employers we are targeting to retain and attract. Sites need to be designated for: small, medium and large manufacturing; satellite locations to existing manufacturing facilities; science and technology parks; small-medium sized office parks; large office parks (campus environment); Downtown small business district; and warehouse/distribution.

**Infrastructure Development** — Sites with infrastructure installed or easily extended will provide the community with an important competitive advantage. Infrastructure including roads and streets, utilities, drainage, human services, public safety, and data communications (including the Internet) that can easily grow to accommodate need should be incorporated into each site plan.

**Service Company Specifications** — Increasingly, service companies prefer a campus or corporate office park setting with covenants. It is important that the community allocate areas for corporate office parks that will accommodate multiple tenants and are well integrated with housing, schools and shopping.

**Transportation System** — Additional transportation improvements are critical to accommodate economic growth. Rights-of-way for the South and East beltways should be designated as soon as possible. Maintaining and expanding air services will remain vital to Lincoln and Lancaster County's economic future.

**Downtown's Role**—Downtown Lincoln has evolved from its earlier role as the region's dominant retail center to an urban mixed-use center. Today, Downtown is a center for government, education, entertainment, convention and conference facilities, housing, arts, business, professional services and tourism. Downtown should remain the designated entertainment, tourism and cultural center for the community and continue to strengthen linkages with the University of Nebraska-Lincoln.

**Housing Opportunities**—Housing diversity should be accommodated in a variety of locations throughout the community. A range of affordable housing types should be identified, with opportunities ranging from urban lofts, flats, townhouses, and condominiums in the urban core to residential acreages in rural parts of the County. A variety of income ranges should also be accommodated.

**Regional Economic Dynamics**—Commerce between Lancaster County, the Omaha metropolitan area, and southeastern Nebraska will increase in the future, creating greater interdependence for all communities in the region. Labor, health care, entertainment and retail and commercial trade between the greater Lincoln area and Omaha will increase. Locations that accommodate access to both communities will be desirable to companies in the future. In addition, Lincoln and Lancaster County's labor market will continue to draw from a broad geographic area of southeastern Nebraska, including a wide range of surrounding counties and communities.

A number of planning activities are presently underway to consider the long term planning implications of development along the I-80 corridor between Lincoln and Omaha. This Comprehensive Plan generally supports these efforts and encourages further dialogue among the many communities and jurisdictions within this area. Capitalize on Public Infrastructure Investments – The community should seek to efficiently utilize the community's investments in existing and future public infrastructure (i.e., Homestead Expressway, Antelope Valley, Beltways) to advance economic development opportunities.

**Small Business**—Our economic development team should always be cognizant of the role small business plays in our community. Recruitment and promotion of our community must include the role of businesses with 50 or fewer employees. We need to foster new, and maintain existing small businesses.

## **E**CONOMIC FUTURE

The City of Lincoln and Lancaster County promote and foster appropriate, balanced, and focused future economic growth that maintains the quality of life features the community values and seeks to protect. The City and County will actively pursue economic development with an emphasis on household sustaining jobs.

The community desires to leverage its economic strengths—the University of Nebraska's knowledge base in research, engineering, technology and education; state and local government systems; an educated workforce; an increasingly diversifying economic base; and a growing emphasis on technology-based industries—to create a vibrant, thriving New Economy community.

Lincoln and Lancaster County's "New Economy Community" supports entrepreneurial activity, encourages business retention and expansion, promotes education and training that anticipates and responds to changing economic characteristics, and embraces diversity in working, living, and recreational environments.

The community actively encourages public-private partnerships, strategic alliances and collaborative efforts (such as the Lincoln Partnership for Economic Development and the UN Technology Park including all relevant partners such as the University of Nebraska, City of Lincoln, Lancaster County, the Lincoln Chamber of Commerce, Lincoln Independent Business Association, small business representation, and Lincoln's working men and women) as a means to accomplish its future economic objectives.

Downtown Lincoln is valued as an economically vital mixed-use center combining existing employment sectors with

New Economy businesses, particularly those with strong ties to the University of Nebraska, Southeast Community College and Lincoln Public Schools Technology High School.

Lincoln has traditionally been known as a government/college town; a small city with a small town feel. Its future as a growing metropolitan area is dependent on the ability to retain and attract a wide array of traditional and knowledge-based industries and to continue to diversify our economic base. ~~Clusters and strengths exist in specific industries — biotechnology, insurance, health care, metal working, and electronics.~~ While the community intends to emphasize these industries, the goal will remain to provide the citizens of Lincoln and Lancaster County with jobs and careers that sustain families and their future.

The City and County will foster responsible land use and development through the timely provision of infrastructure and transportation system improvements, while at the same time maintaining the environmental values and stewardship they wish to sustain.

~~The community will strive to provide future employment areas that meet the needs of existing businesses and identify emerging industry clusters. The City of Lincoln and Lancaster County will continue to work together and with smaller communities in the County to ease the transition from rural to urban development and to further economic opportunity for all citizens in our community.~~

The community also understands that establishing a regional partnership that includes all of southeastern Nebraska—including Omaha, Lincoln, Lancaster County and surrounding communities—will strengthen the entire region economically.

## FUTURE LOCATIONAL AND LAND USE CONSIDERATIONS

The location of jobs can change as technology, product mix, and industrial organization change. Technology can be important to this process since it can alter the nature and mix of inputs, including type and quantity of needed labor materials, energy, land, information and buildings. As these inputs change, optimal locations also change. The following offers a description of the primary target businesses for marketing and attraction purposes and locational considerations of companies and other business forces in a variety of industries that should be addressed in the long range comprehensive planning process, which are important for Lincoln and Lancaster County.

### THE PRIMARY TARGET BUSINESSES FOR MARKETING PURPOSES AND ATTRACTION,

- **Biotechnology:** need to focus on retention and expansion of existing local companies and start-up companies, particularly those utilizing UNL technologies. The national market has numerous empty facilities and many jobs going overseas.
- **Value Added Agriculture:** Primary interest is in existing space that is USDA approved. Food research at UNL is vital to attracting and retaining these industries to Lincoln. Category could include renewable energy development, such as ethanol plants, though these plants are primarily locating outside Lancaster County.
- **Specialty Electronics:** Interested in smaller, existing space and mostly likely interested in buying land or existing space. Expanding or using the Foreign Trade Zone in Airpark area holds promise for this type of use and should be examined with the Airport Authority.
- **Technical Customer Support:** Often interested in retrofitting large vacant retail space (such as former grocery or discount stores). Interest in this category is returning after years of customer

support jobs being sent overseas. New sites would be primarily smaller office space of 5 to 20 acres.

- **Logistics/Distribution/ Warehouse:** Growing industry, often asking for 100 to 200 acre sites. Often ask for land area that is double their need to address concerns about use of adjacent land. Want land adjacent or with easy access to Interstate 80.
- **Insurance and Financial Services:** The success with job expansion of several local insurance companies point out the attractiveness of Lincoln. (The State of Nebraska state statutes and taxation policies provide a competitive advantage for the state for insurance companies, as witnessed by several out of state companies also locating in Nebraska.) Insurance companies are looking for mostly suburban office park locations, of 10 to 50 acres, but will also consider Downtown sites.
- **Entrepreneurship:** Lincoln has benefitted from entrepreneurs starting new businesses which have grown rapidly adding many jobs to the economy. More should be done to encourage entrepreneurs, to encourage efforts to utilize technology from UNL in the marketplace, and to promote entrepreneur education at UNL and Southeast Community College and other educational institutions at all levels.

## **BUSINESS LOCATIONS CONSIDERATIONS AND STRATEGIES**

The Comprehensive Plan currently identifies several larger sites for warehouse uses along I-80 at N. W. 48<sup>th</sup> Street and at N. 56<sup>th</sup> Street (Highway 77). Ultimately, the City may have to find a few new large warehouse sites, if the current sites are converted in the long term to residential, smaller warehouse sites or other uses.

Lincoln has had more success in attracting office users to Lincoln than any other employer type. Office sites are very important to job growth for the community and more offices sites need to be developed over time. Office sites should be located in all areas of Lincoln. Office uses want to be near retail and residential areas and need services such as restaurants and services in close proximity. (Proximity to the interstate or highway is not important for most office users.)

Industrial sites should be focused on the beltway (I-80, Highway 77, South and East Beltways). Highway 77, the “West Beltway” has potential for industrial sites. The South Beltway will probably be more attractive for office and retail development, because it will develop far before the East Beltway. Without the East Beltway connection to Interstate 80, the South Beltway is not as attractive for industrial. Ultimately the East Beltway will be a good location for industrial. The City should encourage the State to adopt this project and get it built sooner. The intersection of the West and South Beltway might be a good location for industrial sites in the future.

The Downtown/ Antelope Valley area would benefit by having a single large 10 to 15 acre site to show major corporate office users. There is potentially a site between N Street and Capital Parkway and another site north of O Street that could be consolidated into a larger parcel. Adequate and affordable parking is a key to companies locating or expanding in the Downtown. When large office users are looking for sites, they will consider Downtown, but adequate parking is usually a stumbling block.

The West Haymarket offers a tremendous potential addition to the Downtown and should be pursued. In

addition, the State Fair Park property could be future economic development site, if the Fair is relocated within Lincoln.

A new Downtown Arena and Convention Center is important to the future of the community and should be built as soon as possible. The City should think long term and build an arena with at least 15,000 seats. There are plenty of events and conventions that would consider Lincoln if we had a better arena. There has already been private sector interest in a new hotel and 60,000 sq. ft. of convention center space if a new arena were built.

Design standards or zoning overlay in the Downtown and Antelope Valley area should be implemented very soon. Developers will invest in this area, if they have some assurance of development quality on the adjacent property.

A public entity or public/private partnership will probably be necessary to acquire and hold property in the Downtown/ Antelope Valley area for future development. Site acquisition and consolidation is key for some development projects.

Expansion of UNL research facilities on campus by the Beadle Center in Antelope Valley also provides an opportunity to retain students in the community and to attract private employers. Collaborations and interaction between the City, local businesses and UNL should continue. The University Tech Park is a great result of these partnerships, and interactions between UNL and the business community should expand.

Office uses want to be near retail and residential areas and need services such as restaurants and services in close proximity.

The new Airpark Rail Center, operated by the Airport Authority, offers a significant opportunity for companies needing rail and truck access.

## **INFORMATION-BASED COMPANIES**

Hard Technology (development and production of fiber optics and chips; electrical/electronic components): Prefer locations close to the neighborhoods of its workers, and where new commercial development is located (restaurants, power retail centers, malls).

Soft Technology (media, fashion, advertising and design): Prefer a more urban location, in or near downtown. Often seeks out revitalized older warehouse districts or adaptive reuse of downtown buildings.

“Blue-Collar Internet Functions” (fulfillment, data-entry, assembly and technical support): Prefer easy accessibility, good roads, state-of-the-art manufacturing and warehouse space, access to interstate system, availability of large, affordable blue-collar workforce.

## **FINANCIAL SERVICES**

These industries still tend to be located in Central Business District/urban core locations for regional facilities; routine back office functions are located in areas where business costs are lower.

## **TELECOMMUNICATIONS**

Access to the information technology infrastructure is a key factor in the locational decision making process for telecommunication businesses. For this reason, these businesses tend to locate in suburban locations where buildings are new(er). However, the city should also consider encouraging investment in telecommunications that maintain the viability of Central Business District structures in tomorrow's economy.

## **INSURANCE**

Insurance businesses tend to locate in suburban locations. These businesses are often attracted to campus-like environments that offer a variety of amenities for their employees.

## **MANUFACTURING**

"Just in time" manufacturing processes make locations that have good road and interstate access and/or good express delivery services critical.

## **NEW BUSINESS DEVELOPMENT AND INCUBATION**

Companies emerging from a "home-based office" configuration often move to an "office suites" facility with centralized administrative support. Fast expanding companies may require flexible space and lease terms to accommodate their rapid growth. Such businesses often want locations in close proximity to others in their industry or industry cluster, particularly in the soft information/technology groups. One-stop small business information, tools, and assistance can be invaluable to entrepreneurs. Access and proximity to university resources can be extremely important.

## **RETAIL GOODS AND SERVICES**

Retail stores and services prefer locations with good access to the road network that are convenient to their customers in the neighborhood, city or region.

# **P**OTENTIAL LARGE EMPLOYER OPPORTUNITY AREAS

The Plan designates several sites outside the 2030 Future Service Limit as "Large Employer Opportunity Areas." The purpose of these sites is to provide a "second tier" of potential sites for large "primary" employers to consider, if for some reason potential sites within the Future Service Limit are unsuitable. These second tier sites currently have limited infrastructure, however, some employers may find them desirable due to their large size, highway visibility (present or future) and low land costs. All economic development efforts should focus on land within the future service limit, which are the most viable sites, however, these Opportunity Areas can potentially provide a secondary option if needed for a large primary employer.

Initially, not all of the Opportunity Areas are viable locations, since many are remote from the city limits and infrastructure. Only the two sites in the northwest may be possible to serve in the near term, while the others are longer term possibilities. A selected site would develop only if annexed by the City after a decision to amend the infrastructure plans to provide service. Ultimately, it is possible these areas may not develop at all during the 2030 planning period.

The "Potential Large Employer Opportunity Areas" would not be supplied with infrastructure initially.



which would help hold down land costs, making them more attractive for large employers. However, the City should identify the infrastructure needs to serve the sites within 18 months, so that if a large employer did select this site, the City would be in a position to react more quickly to the needs. Providing infrastructure to these sites would impact the City's Capital Improvement Program, potentially requiring other projects to be delayed or rate increases to fund additional projects.

There are two "Potential Large Employer Opportunity Areas" along Highway 34 which could be possibly served in the next two years. A third site on N. 98<sup>th</sup>, between Fletcher and Havelock Ave (undeveloped land formerly owned by I. B. M.) may also have potential in the near term, but is not served with infrastructure today. A fourth site on S. 38<sup>th</sup> Street, south of the South Beltway, will not be available until after 2014 – the projected opening date of the beltway.

## **S**TRATEGIES FOR PUBLIC ROLE IN ECONOMIC DEVELOPMENT

- New Market Tax Credits (NMTC) provide a new tool to support development projects in specifically designated areas. The City should encourage and pursue their use.
- A "one stop" area should be developed where you can find information on entrepreneurs, venture capital and research – small businesses need a focal point, one place to go for information and assistance.
- Incentives should be offered for "primary" employers – that is for companies where the majority of their business and sales come from outside Lancaster County. The City should develop a policy on the use of incentives, such as Tax Increment Financing, for primary employers.
- The City can play an important role in consolidating properties into larger and more desirable development parcels. The use of eminent domain may be necessary in order to assemble property. The City should do a better job of explaining how the process works to the public and property owners.
- The City should not need to waive design standards to attract companies. Good developers will fit the local standards. Developers want a quality project. (Employers want a quality working environment.)
- Government regulations should be reviewed for their impact on existing businesses and their potential for expansion and retention.
- Continue to coordinate the City's Economic Development efforts with the Lincoln Partnership for Economic Development (LPED).
- If LES is interested in providing digital services, they should compete on a level playing field with private companies. >>If retained, move to Utilities Section.<<
- Extending new water and wastewater lines and providing infrastructure to new growth areas is important to job growth. In addition, arterial streets are important to job growth. Lincoln needs to not only catch up on arterial street funding, but begin to build in advance which helps attract

companies to a site. As Lincoln gets further behind on road needs, public support for funding is actually falling.

- The City and LPED should continue to work together to maintain an inventory of potential economic development sites and their current status in terms of zoning planning and infrastructure.
- The City or LPED should not develop and hold speculative sites – they should not compete with the private sector. However, both should support efforts by the private sector to develop sites, including marketing sites and city funding of infrastructure improvements.

## FUTURE EMPLOYMENT BASE

Robust growth in the city and county's employment base is envisioned to occur during the 25 year time horizon of the Comprehensive Plan. On an overall basis, the community's employment is anticipated to grow at a rate of over two percent per year during the planning period. Employment in the industrial sectors such as manufacturing, construction, Transportation, Communications, and Utilities (TCU), and wholesale trade are considered the more rapidly growing sectors in terms of percentage increases. Growth in these sectors will occur at a pace approaching 2.5 percent per year. These employment sectors tend to drive the need for siting and supporting additional industrial land throughout the community.

Employment expansion in the retail, Finance, Insurance, and Real Estate (FIRE), and services sectors are also expected to post significant increases during this period, with annualized growth rates of around 2.0 percent. Government expansion will lag behind all employment sectors with a more modest expansion rate of around 1.5 percent. In combination these employment sectors are generally tied to the use and expansions of retailing complexes, office buildings, business parks, and service centers.

~~From a starting point of about 155,200 employees county-wide in the year 2000, employment is projected to climb to approximately 259,200 employees by the year 2025. This reflects an additional 104,000 jobs being added over a twenty five year period — or on average almost 4,200 new livelihoods introduced into the local economy annually during the life space of the Plan. This represents a substantial commitment on the part of the community to ensure that the economic, social, and technological infrastructures are in place to satisfactorily support this expansion.~~